



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4265

by Rep. Mark H. Beaubien, Jr.

SYNOPSIS AS INTRODUCED:

205 ILCS 620/2-14 new

Amends the Corporate Fiduciary Act. Adds provisions concerning investments and participation by affiliates of any bank or trust company acting in its fiduciary capacity. Provides that any bank or trust company may purchase services or products from an affiliate, provided that the purchase is otherwise prudent and not prohibited by the instrument governing the fiduciary relationship. Provides that the compensation for the service or product may be in addition to the compensation that the bank or trust company or its affiliate is otherwise entitled as a fiduciary. Provides that the bank or trust company must disclose, in a specified manner, any purchase authorized by the new provisions. Provides that the new provisions apply to any bank or trust company doing banking or trust business in this State, including any national bank or national trust company or any of its affiliates.

LRB095 16745 MJR 42779 b

1 AN ACT concerning financial regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Corporate Fiduciary Act is amended by adding
5 Section 2-14 as follows:

6 (205 ILCS 620/2-14 new)

7 Sec. 2-14. Investments and participation by affiliates.

8 (a) Any bank or trust company acting in its fiduciary
9 capacity may purchase services or products, including, but not
10 limited to, life insurance, equity derivatives, or securities
11 underwritten or otherwise distributed by an affiliate of such
12 bank or trust company or its affiliate, directly from such
13 affiliate or from a syndicate or selling group that includes
14 the bank or trust company or its affiliate, provided that the
15 purchase is otherwise prudent and not prohibited by the
16 instrument governing the fiduciary relationship. The
17 provisions of this Section shall apply to such purchases of
18 services or products made at the time of the initial offering
19 thereof or at any time thereafter.

20 (b) The compensation for the services or products may be in
21 addition to the compensation to which the bank or trust company
22 or its affiliate is otherwise entitled as fiduciary.

23 (c) Any bank or trust company acting in its fiduciary

1 capacity may effect such purchases of services or products with
2 or through its affiliate, provided that the fees paid to its
3 affiliate and the terms and conditions of such purchases are
4 reasonable and the transaction is not prohibited by the
5 instrument governing the fiduciary relationship.

6 (d) A bank or a trust company shall disclose at least
7 annually any purchase authorized by this Section that was made
8 by the bank or trust company during the reporting period. The
9 disclosure shall be given, in writing or electronically, to all
10 persons entitled to receive statements of account activity, and
11 shall include any capacities in which the bank or trust company
12 or an affiliate acts for the issuer of the securities or the
13 provider of the products or services and the fact that the bank
14 or trust company or an affiliate may have an interest in the
15 products or services.

16 (e) Notwithstanding the applicable provisions of Illinois
17 law, the provisions of this Section apply to any bank or trust
18 company doing banking or trust business in this State,
19 including, without limiting the generality of the foregoing,
20 any national bank or national trust company or any of its
21 affiliates even if its principal place of business is not in
22 this State.